

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF FARMERS RURAL ELECTRIC)	
OF GLASGOW, KENTUCKY, FOR A REVISION)	
OF ITS RETAIL TARIFFS TO IMPLEMENT A)	CASE NO. 89-158
RETAIL MARKETING RATE FOR SPECIAL)	
RETAIL APPLICATIONS)	

O R D E R

On June 12, 1989, Farmers Rural Electric Cooperative Corporation ("Farmers RECC") filed a revision to its retail electric tariffs. The revision provides for off-peak retail marketing rates for special retail applications ("marketing rates"), and will be available to all residential customers and those small commercial customers whose kilowatt demand is less than 50 KW. Pursuant to a request by Commission Staff, Farmers RECC, on July 14, 1989, amended its marketing rates to include a specification that the rates apply only to programs which are expressly approved by the Commission to be offered under the Marketing Rate of East Kentucky Power Cooperative's ("EKPC") Wholesale Power Rate Schedule A. The Commission has required this provision in all previous marketing rates filed by EKPC's other member distribution cooperatives.

The marketing rates filed by Farmers RECC provide a 40 percent discount to the third tier energy rates of Schedule R - Residential Service and Schedule C-1 - Commercial & Industrial Service (for all consumers whose kilowatt demand is less than 50 KW). These rates are offered in conjunction with the Marketing

Rate of EKPC's Wholesale Power Rate Schedule A approved by the Commission in Case No. 10281.¹ This wholesale power marketing rate offers to Farmers RECC and EKPC's other member cooperatives a 20 percent discount to the current wholesale power energy rate for off-peak power used for designated marketing programs.

The initial application of Farmer RECC's marketing rates will be for the use of Electric Thermal Storage ("ETS") devices. ETS is a technology that allows heat to be stored in one time period and used in another. Specifically, the ETS device can be controlled by the utility to store heat at night during off-peak hours and to discharge heat as needed, with no contribution to peak load.

The Commission has previously allowed electric utilities to charge special rates for power used by ETS devices. In December 1986, we authorized South Kentucky Rural Electric Cooperative Corporation and EKPC to conduct a 3-year pilot program involving ETS units. The load research data produced by that program indicates that ETS is a favorable off-peak load-building technique which improves load factor.

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that Farmers RECC's marketing rates should be approved.

¹ Case No. 10281, The Notice of East Kentucky Power Cooperative, Inc. of a Revision to Its Wholesale Electric Power Tariff to Implement a Wholesale Power Marketing Rate for Special Retail Applications.

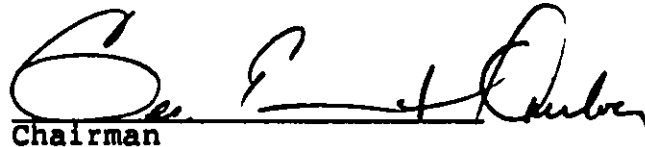
IT IS THEREFORE ORDERED that:

1. Farmers RECC's Schedule RM - Residential Off-Peak Marketing Rate and Schedule CM - Small Commercial Off-Peak Marketing Rate as filed with the Commission on June 12, 1989, and amended on July 13, 1989, be and hereby are approved.

2. Within 20 days of the date of this Order, Farmers RECC shall file with this Commission tariffs complying with the findings of this Order.

Done at Frankfort, Kentucky, this 1st day of August, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director